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Shultz Told to Stay Silent on Iran Deal

Says U.S. Should Shun Concessions to Terrorists to Gain Hostages' Release

By NORMAN KEMPSTER and SARA FRITZ, *Times Staff Writers*

WASHINGTON—Secretary of State George P. Shultz said Friday that the United States should never make concessions to terrorists to gain release of American hostages, but he refused to talk about reported Administration contacts with Iran because he said the White House has banned all comment.

Talking to reporters on the flight home from meetings in Vienna with Soviet Foreign Minister Eduard A. Shevardnadze, Shultz made it clear that he is under orders to avoid discussion of the reported dealings with Iran.

He added with apparent annoyance: "I don't particularly enjoy it. I like to say what I think about subjects."

Intensive Questioning

Shultz made his comments as reporters repeatedly asked questions about reports that the Administration, using an Israeli-operated supply line set up through highly secret negotiations, last year began supplying U.S.-made missiles and arms parts to Iran in exchange for the Tehran regime's aid in freeing Americans held hostage in Lebanon.

At the White House, President Reagan once again declined to discuss any U.S. effort to free the hostages "because it has to happen again and again before we have them all back." Reagan did not elaborate on this comment, made in response to questions shouted at him after a Rose Garden welcoming ceremony for freed American hostage David P. Jacobsen.

For Shultz, the Administration's most outspoken advocate of a firm policy against terrorism, the refusal to comment clearly was an uncomfortable position. Nevertheless, he left little doubt that he opposes any change in the stated U.S. policy of refusing to make concessions to terrorists.

"I don't want to get drawn into this business, but I will say that I think the policy of not negotiating for hostages is the right policy," he said, without saying if it still is the Administration's policy.

'Rhetoric Ahead of Actions'

For several years, the official U.S. policy has been that the United States would talk to anyone about the safety and welfare of American hostages but would not negotiate deals to obtain their freedom because to do so would only encourage additional terrorist kidnaping.

The situation "points up the problem of letting your rhetoric get out ahead of your actions," Rep. Dante Fascell (D-Fla.) said, referring to the Administration's frequently declared get-tough policy toward terrorism. Fascell, chairman of the House Foreign Affairs Committee, is one of many members of Congress who have voiced serious concern—if not anger—over the reports.

Although some members of Congress have charged that arms shipments to Iran are prohibited under the Arms Export Control Act, White House spokesman Larry Speakes said the Administration's efforts have violated no laws. "Whatever we've done is legal, and whatever we will do is legal," he said.

In addition, Speakes said there has been no change in the Administration's policy against negotiating with terrorists, but he declined to reaffirm the policy. "I'm not going into any comments or setting up any potential traps for the future, or anything like that," he said.

Reagan insisted Friday that Shultz and Defense Secretary Caspar W. Weinberger have been involved in and support U.S. efforts geared to free the hostages. "We have all been working together," he said.

"Shultz has been involved . . . from the outset," Speakes said, denying that the secretary of state was at any time excluded from the development of the policy. "It is my understanding that this was handled through the normal process, and that the national security community was involved in the development of our policies in this area."

'Completely Cut Out'

However, sources have told The Times that Shultz was "completely cut out" of the hostage negotiations after he initially objected to Reagan's decision to supply Iran, an arrangement handled almost entirely from within the White House. Similarly, Weinberger, a staunch advocate of U.S. support for Iraq in its war with Iran, was said to have "hit the roof" upon hearing of the arms shipments.

Speakes denied that Shultz has been muzzled and said the secretary of state has decided voluntarily not to comment on the matter.

But Shultz said Friday: "The White House is in charge of the executive branch, and they have issued a statement that all of the questions that come on this subject will be handled in the White House. So that's why I'm saying ask the White House. I'm not making any comment myself."

Shultz is considered the primary author of the Administration's counterterrorism policy and has been a strong advocate of maintaining the official U.S. arms embargo against Iran, first imposed seven years ago. Just three weeks ago, he said publicly that all nations should deny arms to Iran because of its refusal to negotiate an end to its war with Iraq.

Shultz's European trip, which included a three-hour stop Friday in Paris for meetings with Premier Jacques Chirac and other French government officials, was shadowed by the building controversy over former White House national security adviser Robert C. McFarlane's reported trips to Tehran to seek the release of U.S. hostages in Lebanon.

Shipments to Iran

According to informed sources, McFarlane and a National Security Council aide, Lt. Col. Oliver L. North, arranged for shipments of arms and military spare parts to Iran in exchange for Iranian help in freeing American hostages, including Jacobsen. Iran is believed to be the primary sponsor of Islamic Jihad (Islamic Holy War), the Muslim fundamentalist group that released Jacobsen but is holding two others hostage. At least three other Americans are believed to be held hostage in Lebanon by other terrorists.

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Shultz said after his meeting with Chirac that Washington and Paris are in general agreement about terrorism. With the French premier standing at his side, Shultz said he and Chirac "reaffirmed our joint determination to stamp out [terrorism]. We see this problem the same way."

However, the reports of the Iranian connection came at an especially embarrassing moment in U.S.-French relations because Shultz had hoped to persuade Paris to support British efforts to impose sanctions on Syria as a result of Syrian involvement in the attempted bombing of a London-to-Tel Aviv airliner. French sources were quick to assert a parallel between French relations with Damascus and U.S. dealing with Iran.

France and Greece vetoed Britain's proposal for European Communities action against Syria last month, but the issue is scheduled to be debated again Monday at a community meeting in London.

Meanwhile, within the United States, the reports of the secret U.S.-Iranian dealings have been met with angry responses, particularly from some members of Congress who argue that such clandestine operations could violate federal law, which requires congressional oversight of covert operations by intelligence agencies.

Fascell said he and Rep. Lee H. Hamilton (R-Ind.), chairman of the House Intelligence Committee, have asked White House officials to tell them what the Administration is doing, but he indicated that they did not expect much cooperation from the White House.

"We're trying to find out what's going on," he said. "If all of this is true, it poses a whole series of foreign policy questions. I expect the media will unpeal the onion and find the worm before we do."

Speakes acknowledged that the White House has received a request from Fascell and Hamilton, but he said that White House officials have not decided when they would brief members of Congress.

Meanwhile, Senate Intelligence Committee Chairman Dave Durenberger (R-Minn.) questioned CIA Director William J. Casey about the extent of intelligence-agency support—if any—given the Iranian arms pipeline, according to committee spokesman Dave Holliday. He added that Durenberger has not disclosed what Casey told him and added that no public accounting of the agency's role is likely soon.

Committee members are "concerned" because they were not informed of the White House link to Iran, Holliday said. But they do not yet know whether the White House action should have been cleared with Congress under laws requiring the disclosure of covert intelligence operations.

"That's a good question," he said, "but it depends entirely on what happened."

Times staff writer Eleanor Clift also contributed to this story.

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